

STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

CASE NOS: 22176, 22177

APPLICATIONS OF MATADOR PRODUCTION  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
February 3, 2022  
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on  
Thursday, February 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
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Albuquerque, NM 87102  
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A P P E A R A N C E S

For the Applicant:

JULIA BROGGI  
HOLLAND & HART  
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For Devon Energy:

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Santa Fe, New Mexico 87501

I N D E X

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1 HEARING EXAMINER BRANCARD: All right. We will  
2 call Cases 22176 and 22177, Matador Production Company.

3 MS. BROGGI: Mr. Examiner, Julia Broggi with  
4 Holland & Hart Law Firm on behalf of applicant Matador  
5 Production Company.

6 HEARING EXAMINER BRANCARD: Thank you, Ms.  
7 Broggi. Devon Energy Production?

8 MR. SAVAGE: Good morning, Mr. Examiner, Darin  
9 Savage with Abadie & Schill on behalf of Devon Energy  
10 Production Company.

11 HEARING EXAMINER BRANCARD: Do you have any  
12 objection to those cases going forward by affidavit.

13 MR. SAVAGE: No objection.

14 HEARING EXAMINER BRANCARD: Are there any other  
15 interested persons for cases 22176 and 22177?

16 (No audible response.)

17 HEARING EXAMINER BRANCARD: Hearing none, Ms.  
18 Broggi, you may proceed.

19 MS. BROGGI: Mr. Examiner, we would ask to  
20 consolidate these two cases and present them by affidavit  
21 and it sounds like Devon doesn't object to it being  
22 presented by affidavit. Any objection to them being  
23 presented together?

24 HEARING EXAMINER BRANCARD: No problem  
25 whatsoever. Please proceed.

1 MS. BROGGI: Mr. Examiner, before you you should  
2 have a packet of exhibits that's includes a table of  
3 contents. So you will see there that Matador Exhibit A is  
4 the compulsory pooling checklist. Behind that Exhibit B is  
5 the compulsory pooling application, and there is one for  
6 each of the cases.

7 And then as you will see in Case Number 22176,  
8 Matador is seeking to pool all of the uncommitted interest  
9 in the Bone Spring formation underlying a standard 240 acre  
10 horizontal spacing unit which is comprised of the N/2 N/2 of  
11 Section 12 and the N/2 of the NE/4 of Section 11, Township  
12 21 South, Range 27 East, Eddy County, New Mexico.

13 And in the companion case, 22177, Matador is  
14 seeking to pool all the uncommitted interest in the Bone  
15 Spring formation underlying a standard 240 acre horizontal  
16 spacing unit. And this time it's the S/2 of the S/2 of the  
17 N/2 of Section 12, and the S/2 of the NE/4 of Section 11,  
18 again, Township 21 South, Range 27 East, Eddy County, New  
19 Mexico.

20 The next exhibit in the packet is Exhibit C,  
21 which is an affidavit of landman Nicholas Weeks, with the  
22 accompanying exhibits which have been identified on the  
23 table of contents. So we have draft C-102s, the general  
24 location map, identification of the working interest owners  
25 that Matador is seeking to pool, as well as identification

1 of the overriding royalty interest owners that Matador is  
2 seeking to pool, sample well proposal letters and AFEs, and  
3 then finally a chronology of contacts with the non-joined  
4 working interest. So that's Exhibit C.

5 And then Exhibit D is an affidavit of geologist  
6 Andrew Tucker that again hopefully Mr. Rose-Coss will be  
7 find to be a superior geology exhibits. So there we have  
8 three accompanying exhibits, which is a project location  
9 map, a subsea structure map, and structural cross section.

10 Finally, Exhibit E is the notice of affidavit  
11 showing that notice of this hearing was provided to the  
12 parties that Matador is seeking to pool. All the working  
13 interest owners received notice. Some of the overriding  
14 royalty interest owners we weren't able to contact, so we  
15 provided notice of the hearing by publication, and the  
16 affidavit of that publication is attached as Matador Exhibit  
17 F.

18 At this time I will take any questions, but  
19 that's the entire packet. So we would be asking the Oil  
20 Conservation Division to take it under advisement.

21 HEARING EXAMINER BRANCARD: Thank you. Mr.  
22 Savage, any questions?

23 MR. SAVAGE: No questions, thank you.

24 HEARING EXAMINER BRANCARD: Mr. Rose-Coss?

25 TECHNICAL EXAMINER ROSE-COSS: Yeah, so

1 straightaway, there wasn't any issues with notice on this  
2 case? You probably mentioned that, but --

3 MS. BROGGI: No. All the working interest owners  
4 received notice. There were a couple -- there are several  
5 overrides, maybe a couple of letters were returned, so out  
6 of an abundance we also published notice in the newspaper  
7 and there is an affidavit of that publication attached as  
8 Exhibit F.

9 TECHNICAL EXAMINER ROSE-COSS: I see that. And  
10 the thing that strikes me going through the exhibits, the  
11 wells in this case are running east to west. I'm more  
12 accustomed to seeing them run north to south. Would you  
13 know, in this case, is that related to geology or  
14 engineering perspective that they run that way, or just land  
15 ownership?

16 I suppose there is no protests or complications,  
17 but I don't see a lot of other wells that -- depicted on the  
18 image, so is this going to complicate their development in  
19 the area from east to west?

20 MS. BROGGI: Mr. Rose-Coss, I don't know  
21 personally the justification for it, you know, that the  
22 geology affidavit, the affidavit from the geologist and  
23 accompanying exhibits, you know, my understanding from them  
24 is that they look at the geology there and this makes sense,  
25 and you know, that there are no problems and geologic

1 impediments to drilling in this direction, but I don't know,  
2 as I sit here today, the justification for that decision.  
3 If that's something that the Division needs, you know, we  
4 can go back and collect that information from them  
5 separately.

6 TECHNICAL EXAMINER ROSE-COSS: I don't believe I  
7 will ask for anything additional regarding that, it's just  
8 some comments for the record, unless Mr. Brancard has any  
9 follow-up to that. And that concludes my questions.

10 MS. BROGGI: Thank you.

11 TECHNICAL EXAMINER ROSE-COSS: Yes.

12 HEARING EXAMINER BRANCARD: Thank you. My only  
13 question is, and it's more of a comment, I guess, this  
14 location seems to be just outside the city of Carlsbad. Is  
15 that correct, a little bit to the east of Carlsbad? The  
16 location now, I was just looking at my BLM status map here.

17 MS. BROGGI: I apologize. Again, I don't know  
18 its exact location with respect to Carlsbad. Perhaps I  
19 should. Let me see.

20 HEARING EXAMINER BRANCARD: I think the notice  
21 said one mile east of Carlsbad.

22 MS. BROGGI: Right. But if the notice says that,  
23 then that would be accurate -- yes, I think that is right.  
24 Does that present concern?

25 HEARING EXAMINER BRANCARD: No, I was just, you

1 know, confirming we are not in any kind of developed area  
2 here, but that seems to be what people are doing in Carlsbad  
3 these days, drilling right under the city. Thank you. Do  
4 we have any other persons interested in cases 22176, 22177?

5 (No audible response.)

6 HEARING EXAMINER BRANCARD: Hearing none, these  
7 cases will be taken under advisement. Thank you,  
8 Ms. Broggi.

9 MS. BROGGI: Thank you, Mr. Examiner.

10 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing virtual proceedings in stenographic shorthand and  
9 that the foregoing pages are a true and correct transcript  
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by  
12 nor related to any of the parties or attorneys in this case  
13 and that I have no interest in the final disposition of this  
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was  
16 of poor to good quality.

17 Dated this 3rd day of February 2022.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253  
License Expires: 12-31-22

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